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DEPARTMENT OF THE NAVY
OFFICE OF THE CHIEF OF NAVAL OPERATIONS
WASHINGTON, D.C. 20350

Executive Registry

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IN REPLY REFER TO
Ser 009/27378
28 September 1973

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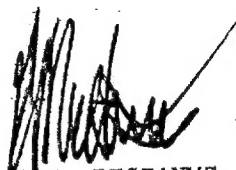
MEMORANDUM FOR THE DIRECTOR, CENTRAL INTELLIGENCE AGENCY

Subj: Impact of increased trade on Soviet military capabilities

1. As a by-product of U.S.-USSR detente, there have recently been a number of trade agreements (actual or planned) between the two countries. Additionally, Soviet trade with other Western nations continues. These arrangements generally have been accompanied by great publicity which is probably caused by both the novelty and magnitude of the trade. One result has been to foster the thoughts that this trade will significantly increase and yield general, long-term economic benefits for the USSR which would be applied to the Soviet military sector and result in an overall improvement of military capabilities. In short, the question posed is: What impact will greatly expanded trade have on Soviet military capabilities over the long term?

2. I believe this question should be addressed by the intelligence community and an estimate of the impact published in an appropriate form. Any such assessment obviously would have to make assumptions about levels of trade and restrictions on advanced technology products. If increased trade is not likely to affect Soviet military capabilities, this is a judgment worth stating. If there could be an appreciable effect, it should be described in whatever detail is possible and useful.

3. Economic intelligence, per se, is outside my purview and any impact of increased trade would be on overall military capability. For these reasons, I solicit your views as to whether the subject should be addressed and, if so, by what mechanism and publication vehicle?


E.F. RECTANUS
Rear Admiral, U.S. Navy
Director of Naval Intelligence

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MEMORANDUM FOR: The Director

Attached for your signature is a memorandum to Admiral Rectanus transmitting a copy of the OER paper on the impact of increased US-USSR trade. This will let him know that we are still thinking about the problem about which you and he had extensive correspondence last year.



Ed Proctor

19 February 1974
(DATE)

FORM NO. 101 REPLACES FORM 10-101
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